

MEMORANDUM

Date: January 17, 2011

To: Norb Bartosik, General Manager/CEO, Cal Expo
Brian May, Deputy General Manager, Cal Expo

From: Andrew J. Plescia, Principal

Subject: Status Report on Cal Expo Renewal Project

On December 10, 2010 the Cal Expo Board of Directors authorized staff to pursue a contract with A. Plescia & Co. (along with sub-consultants RCH Group and Gruen Gruen + Associates) to complete the scope of work for Task 1 as presented in the recommended approach / process for the next phase of planning for redevelopment of the existing Cal Expo site ("Cal Expo Renewal Project"). The Task 1 scope of work is included as Attachment 1 to this memorandum.

Cal; Expo's consulting team began its work on the Task 1 scope of work on January 3, 2011. This memorandum is intended to provide Cal Expo with a brief update on the status of activities under Task 1 as of the date of this memorandum.

1. We have prepared and submitted a list of requested technical information from Cal Expo related to market and feasibility assessments related to various previously proposed/planned facilities (Task 1.B.1);
2. We are in the process of gathering technical information from Cal Expo representatives regarding existing physical and environmental characteristics and conditions of the Cal Expo site. As part of this item we have ordered a preliminary title report to review any existing easements, etc. on the site that might have some bearing on physical site layout of the property (Task 1.B.1);
3. We are scheduling initial meetings with City of Sacramento, County of Sacramento, Sacramento Municipal Utility District ("SMUD"), Pacific Gas & Electric ("PG&E") as part of the due diligence activities for existing/planned public infrastructure, including transportation/traffic improvements, utilities, etc. based on scale/magnitude of planned development on the existing Cal Expo site (Task 1.B.1);
4. We have scheduled initial meetings with City of Sacramento (John Dangberg) and County of Sacramento (Rob Leonard) regarding next phase of Cal Expo's planning work for redevelopment of Cal Expo including the overall approach/process approved by the Cal Expo Board (Task 1.C.1);
5. We have reviewed current/projected Cal Expo budgetary information (costs, revenues) by function, facility, etc. provided by Cal Expo. This review will provide for input into discussion of the review (and any refinement) of Cal Expo's planned programmatic requirements (Task 1.D.2);
6. We have identified and are reviewing/evaluating strategic development plan alternatives related to fairground physical, operation and business/financial factors; and private development potential (value/revenue) factors (Task 1.D.2); and
7. We have scheduled an initial meeting with Cal Expo management (Norb Bartosik, Brian May) on January 24, 2011 to review and discuss any potential refinement of Cal Expo's planned programmatic requirements (Task 1.D.1).

Please contact me at 916.421.3113 should you have any questions or need additional information.

ATTACHMENT 1: SCOPE OF WORK

TASK 1: POSITION THE SURPLUS PROPERTY TO GENERATE HIGHEST OBTAINABLE VALUES PRIOR TO MARKETING TO DEVELOPERS

A. Obtain Funds to Advance Pre-Development Activities

1. Identify and attempt to secure loan and / or grant programs to help fund Cal Expo's costs of predevelopment activities related to Tasks 2, 3 and 4.

B. Conduct Site Due Diligence to Evaluate Physical Constraints

1. Complete threshold evaluation of physical factors that may significantly affect the reuse options, and identify the likely need for extensive infrastructure improvements (e.g. infrastructure, utilities, traffic capacity / improvements, etc.) as a result of planned redevelopment activities through discussions with, information provided by: (1) City of Sacramento; (2) County of Sacramento; (3) CalTrans; (4) SMUD, PGE; and (4) others as identified.
2. Identify the need for third party special studies (transportation planning, engineering analysis, drainage, etc) required to identify any "big ticket" off-site infrastructure improvements (including preliminary "order-of-magnitude" costs) based upon the discussions with effected agencies.
3. Coordinate the preparation of a Phase 1 environmental site assessment to determine if portions of the site need a more detailed toxic and hazardous soil analysis. Identify the extent of likely costs associated with any potential clean-up efforts and possible ways to minimize the costs such as locating less sensitive land uses (e.g. retail versus residential and / or parking / open space) on the more toxic areas, as applicable.
4. Synopsise the findings (in the form of both text and graphics) from items 1 and 2 in a technical memorandum.

C. Conduct Stakeholder Outreach to Ascertain Support for Obtaining Necessary Approvals to Develop Private Non-Fair Uses on Surplus Property

1. Meet with City and County staff representatives to identify best approach for processing of proposed private non-fair development plans including - annexation, General Plan amendment, zoning changes, large lot tentative map, requisite environmental documents, and potentially small lot tentative maps. (Note: not requiring close of escrow until land use approvals have been obtained and alleviating risks associated with obtaining approvals results in obtaining a "full price" for the disposition property).

Consideration may be given by the Cal Expo Board to take the role of lead agency for the purposes of preparing environmental review / documentation in accordance with California Environmental Quality Act ("CEQA") for impacts and mitigation at the master plan level - including annexation and a "project level" analysis of off-site impacts. The environmental documentation could then be used as the master document to tier off of for use on subsequent discretionary requests (e.g. annexation, General Plan amendment, zoning changes etc.).

2. Synopsise the findings from item 1 in a technical memorandum.

D. Refine Land Use Program and Conceptual Redevelopment Plan to Demonstrate Floor of Value from Highest and Best Use Package for Reuse of Property

1. Meet with Cal Expo representatives to: (a) review planned programmatic requirements developed in previous planning efforts and update as necessary; (b) review the strategic development plan prepared as part of the previous planning effort (Task 3); and (c) establish any refinements to the planned programmatic requirements.

2. Prepare refined fairground redevelopment plan utilizing the refined planned programmatic requirements generated in Item 1. above and the site due diligence and stakeholder outreach from Tasks B and C. Conceptual redevelopment plan will:
 - (a) refine the “core” area associated with the fairground as a means of refining the extent of lands available for private non-fair development;
 - (b) illustrate building footprints, planned facilities (arenas, livestock areas, amphitheater, etc.), improved open space areas, parking, gates, convenience facilities, operational facilities, and others, as required;
 - (c) identify programmatic elements (existing / potential) for each of the buildings, facilities, open space areas etc.; and
 - (d) identify refined preliminary cost estimates; and
 - (e) prioritize improvements for Cal Expo / State Fair tied to phasing and timing of disposition and development opportunities and other sources of funding for modernization program.
3. As part of conceptual redevelopment plan, refine and illustrate potential development opportunities (real estate products, product mixes, etc.) for the designated private non-fair development areas..
4. Prepare development standards and design guidelines for non-fair development (non-residential and residential) for use by Cal Expo to review proposed development plans submitted to Cal Expo. The intent is to have established standards and criteria (site planning, architectural, landscape, signage, lighting etc.) for proposed developers to adhere to as a means of ensuring that proposed private non-fair development plans are compatible, and are integrated with the fairground facility.
5. Synopsise the findings (in the form of both text and graphics) from items 1 through 4 in a technical memorandum.

E. Identify Financing Sources

1. Work with State Department of General Services (“DGS”) and City of Sacramento representatives to identify the potential for State tax increment finance, as well as local tax increment finance opportunities related to the planned private non-fair development components of the Cal Expo site.
2. Identify and assess the potential of federal, state, regional and / or local financing sources and mechanisms for installation of required infrastructure or other public improvements to accommodate the planned redevelopment of the fairground facility and private non-fair development.

F. Synthesize into Recommended Marketing, Approvals and Disposition Strategy

1. Prepare a recommended strategy that identifies key features of developer solicitation and buyer selection process as well as and use approval processing elements. Rather than conventional bid process, strategy will include recommendation for competitive negotiation process that allows Cal Expo to consider a buyer’s price and ability to help secure approvals for highest and best use development, using as policy criteria “highest and most certain return”. Strategy may call for separate solicitations for the proposed non-residential and residential uses.
2. Prepare refined estimates of gross and net value that potentially could be derived by Cal Expo from the sale and /or long-term leasing of areas designated for private non-fair development, taking into account cost responsibilities associated with required off-site public improvements, etc.
3. Package materials (Items A through E) for use in preparation of Request for Proposals (“RFP”) document(s) for soliciting proposals from prospective developers.